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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)

CC Docket No. 92-77

COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

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COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

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SUMMARY*

SWBT continues to favor the implementation of BPP, contingent upon the following. (A) The Commission must, within the next nine months, order implementation of BPP. (B) The Commission must order implementation of BPP as described by SWBT, GTE, Pacific Bell and MCI in their joint ex-parte filing of December 23, 1993. (C) All costs incurred for BPP implementation must be included in the BPP rate structure. (D) Possible actions by some which would decrease demand for and viability of BPP must also be addressed by Commission actions. If there are significant deviations from the above, SWBT opposes implementation of BPP.

The FNPRM estimates that consumers will save approximately \$620 million annually, at a minimum, from BPP implementation. SWBT generally agrees with this estimate.

The FNPRM also estimates that BPP implementation costs would approximate \$1.1 billion in nonrecurring charges and \$60 million in annual recurring expenses. SWBT does not necessarily disagree with this estimate, but notes that SWBT's revised costs, contained in Attachments A & B herein, are approximately 26% lower than those previously submitted. If other companies' revised estimates are also lower, the overall BPP implementation cost for all companies may be significantly lower than the Commission's estimate.

* All abbreviations used herein are referenced within the text.

BPP would be correctly treated as a new service under price caps and its costs recovered accordingly. End-office OSS7 costs should be recovered from BPP alone; SWBT has not identified consumer demand in the near term for services other than BPP that might rely on end-office OSS7 technology.

SWBT agrees with the Commission that consumers should be notified of their opportunity to choose a "Dial 0" carrier. A ballot with response envelope as a separate mailing or a prominent bill insert should be used to solicit responses. Customers should be allowed to change carrier choices after the initial balloting, consistent with current procedures for changing 1+ carrier selection.

SWBT continues to believe that 14-digit screening does not respond to consumer needs. Consumers have not expressed a desire for multiple cards from various card issuers, all bearing the same account number but with different PINs.

Certain IXC's, not end user customers, want 14-digit screening to establish market presence (i.e., name identity) on "0+" Telephone Line Number cards. SWBT has, however, developed a much more cost effective alternative for such IXC's. As part of BPP implementation, SWBT card customers would be sent replacement SWBT cards also containing a hard imprint of the name and logo of the customer's preferred IXC. This would enable IXC market presence on 0+ TLN cards without consumers' bearing the costs of 14-digit screening, namely (1) data base administration and fraud management

of the excessive number of cards in circulation, and (2) the cost of implementation.

Implementation of BPP would not create a LEC-dominated bottleneck. BPP will merely establish the nature of service which must be supplied by all carriers in the local exchange market. BPP will no more create a bottleneck than does the nationwide 800 data base system previously mandated by the Commission.

Because BPP must be ubiquitous, inmate telephones should not be excluded from BPP. The current system of commission payments merely encourages higher charges to be paid by the relatives and friends of the calling inmates. Excluding inmate phones will raise the cost of BPP to everyone else.

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CC Docket No. 92-77

COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

Southwestern Bell Telephone Company (SWBT) submits these Comments in response to the Commission's request for further discussion of the costs, benefits and requirements of Billed Party Preference (BPP). The Commission has tentatively concluded that BPP will be in the public interest.¹

BPP would permit the "paying" (i.e., billed) party, on a call-by-call basis, rather than the originating line subscriber, to determine the Interexchange Carrier (IXC) for call processing and transport.

In previously filed pleadings, SWBT urged the Commission to: (1) decide if it intends to maintain its goal of fostering a marketplace environment in which OSPs (Operator Service Providers) compete based on the merits of their services, rather than on commission payments made to traffic aggregators delivering a captive clientele; and (2) initiate a timely and expedited FNPRM to address the costs of BPP and their recovery.² Although two years have passed, the Commission is now doing what is required.

¹ In the Matter of Billed Party Preference for 0+ for InterLATA Calls, Notice of Proposed Rulemaking, CC Docket 92-77, para. 13, released May 8, 1992.

² SWBT at 15.

Over 100 parties have filed Comments in this proceeding. An equally large number of ex-parte presentations have been made. SWBT urges the Commission (within the next nine months) to order the implementation of BPP. SWBT also urges the Commission not to be distracted by the distortions of BPP opponents seeking to save either their commission payments, market dominance or captive clientele at the inconvenience and expense of consumers.

I. SWBT'S POSITION ON BPP.

As detailed in its ex-parte presentation of January 27, 1994, and in pleadings filed in this proceeding, SWBT favors the implementation of BPP. SWBT's support, however, is contingent upon the following:

A. The Commission, within the next nine months, must order implementation of BPP. The Further Notice of Proposed Rulemaking³ which solicited these Comments confirms that (1) the Commission remains committed to BPP, (2) TOCSIA⁴ has not satisfactorily addressed consumer and competitive issues and (3) competition should be based on service merits and not on commission payments. BPP will provide effective solutions to the existing structural problems identified in the FNPRM, but only if the Commission orders implementation in an appropriate form in the near term. Another two years of collecting data and performing analyses, to reach the

³ In the Matter of Billed Party Preference for 0+ InterLATA Calls, Further Notice of Proposed Rulemaking, CC Docket No. 92-77, released June 6, 1994 (FNPRM).

⁴ Telephone Operator Consumer Services Improvement Act of 1990, 47 U.S.C. 226.

same conclusions that the Commission has already reached twice before, will only reduce the effectiveness of BPP and promote the interests of equal access opponents.

B. The Commission must order implementation of BPP as described by SWBT, GTE, Pacific Bell and MCI in their joint ex-parte filing of December 23, 1993. This service description excludes 14-digit screening in favor of 10-digit screening, and makes BPP applicable to all (1) "0+" and "0-" interLATA calls, (2) service providers, (3) originating station types, and (4) end-office types.

C. The Commission must stipulate in its near-term orders that all costs incurred for BPP implementation are to be included in the rate structure for BPP, including Operator Service System 7 (OSS7) costs.

D. The Commission must address possible actions by some which would decrease the demand for and the viability of BPP.

If there are significant deviations from the above contingencies, SWBT opposes implementation of BPP.

II. THE COSTS AND BENEFITS OF BPP.

SWBT agrees with the Commission that BPP can produce multiple benefits.⁵ For example, access to Interexchange Carrier (IXC) networks will be greatly improved. Customers will no longer need to dial cumbersome access codes to reach their IXC of choice. Calls will automatically be carried by the preferred IXC of the

⁵ FNPRM at paras. 9-19 and Appendix B.

billed party. Similarly, all IXC credit cards will work at all phones.

BPP will also refocus competitive energies toward end-users and away from commission payments. Not surprisingly, the vast majority of those opposing BPP are premises owners such as hospitals, motels and shopping malls who generally presubscribe their phones to the OSP offering the largest commission. Of course, the OSP can offer a large commission only by charging higher rates to consumers, a practice clearly not in the public interest. By allowing the billed customer to receive the services and pay the rates of its IXC of choice from all phones, including those in public places, BPP will eliminate the excessive rates of certain OSPs (and the ensuing complaints from overcharged and irate customers to the Commission) and thus place the focus of competition where it belongs, upon quality of service. Only those with captive or dominant markets will complain about this.

Reduced rates for consumers using public phones will translate to fewer complaints, less need for rate regulation of OSPs, and a reduced need to police OSP compliance with TOCSIA. The technology required for BPP will produce enriched signaling in the telecommunications network, leading to increased efficiency and the possible introduction of new services.

The FNPRM estimates that consumers will save approximately \$620 million annually from the first two items mentioned above: (1) removing the necessity of dialing access codes, and (2) refocusing of competitive energies on consumers

rather than on commission payments.⁶ SWBT agrees that BPP can result in these estimated yearly savings.

The FNPRM also estimates that BPP implementation costs would approximate \$1.1 billion in nonrecurring charges and \$60 million in annual recurring expenses.⁷ SWBT does not disagree with these estimates.

Based on its own consumer research and contacts, and on customer complaints, SWBT agrees that consumers find access codes inconvenient and confusing.⁸ This will only increase with the implementation of four-digit Carrier Identification Codes (CICs). The NPRM correctly points out that, even if BPP would alter the routing of only nineteen percent of operator service calls, "BPP would save consumers hundreds of millions of dollars."⁹

The FNPRM makes no quantification of the value of other BPP benefits identified, though SWBT believes that savings will result from all the benefits listed above. The Commission, it appears, has thus quantified the minimum savings (i.e., the "floor") to be realized from BPP.

⁶ FNPRM at para. 9.

⁷ Id. at para. 20.

⁸ According to a 1992 study, 60% of SWBT's customers prefer dialing 0+ to dialing access codes. Of those using access codes, only 25% find them convenient. The remaining 75% use access codes for reasons other than convenience, such as assurance of access to the carrier of choice or because of calling card instructions. BPP will satisfy the needs of all these customers, both those seeking convenience, and those seeking assurance. BPP, thus, is in the interest of the vast majority of customers.

⁹ FNPRM at fnt. 18.

The Commission has also estimated annual net costs for BPP of \$420 million.¹⁰ Subtracting this from the minimum annual cost savings discussed above yields a minimum annual net savings of \$200 million to consumers. This level of quantifiable benefit certainly warrants immediate Commission action in this proceeding.

The Commission's estimated annual net cost for BPP is based on data which, according to the FNPRM, requires supplementation. Since filing its estimated BPP costs,¹¹ SWBT has been an active participant with other companies, including vendors, in defining the technical requirements for BPP--as this service has been jointly defined by SWBT, GTE, Pacific and MCI.¹² SWBT's revised estimated costs, with and without "14-digit screening," are detailed on Attachments A and B.

SWBT's revised costs are approximately 26% lower than those previously submitted. This is due to improved understandings and, thus, more representative cost estimates from vendors, as well as application by SWBT of typical vendor discounts. Consequently, the overall BPP implementation cost for all companies may be lower than the \$420 million per year estimated by the FNPRM, producing even greater net savings.

¹⁰ Id. at para. 20.

¹¹ Reply Comments of SWBT at 2-5.

¹² Ex Parte joint presentation of SWBT, GTE, Pacific and MCI, December 23, 1993.

III. IMPLEMENTATION OF BPP.

A. The Breadth of Coverage.

BPP should apply to all "Dial 0" calls from public switched network access lines. This includes those lines that originate from residences, businesses, hotels, hospitals, universities, prisons, LEC payphones and private payphones in both equal access and non-equal access environments. Without the widest implementation possible, BPP will not provide consumer confidence and yield required participation levels. Instead, there will be under-utilization and higher costs.

B. Recovery of BPP Costs.

BPP would be correctly treated as a new service under price caps and its costs recovered accordingly.¹³ At present, it appears that end-office OSS7 costs would be appropriately recovered from BPP alone, because SWBT has not identified other services which would rely on this technology and which might be implemented in the BPP rate planning period. It is likely that Operator Services System (OSS) OSS7 costs could appropriately be recovered from BPP and other present and future operator assisted services that would benefit from OSS7, such as operator assisted Caller ID services. SWBT's financial analysis in this docket has assumed, however, recovery of all OSS7 costs from BPP alone.

¹³ FNPRM at para. 52.

C. Selecting 0+ Carriers.

SWBT agrees with the Commission that consumers should be notified of their opportunity to choose a "Dial 0" carrier.¹⁴ A ballot with response envelope as a separate mailing or a prominent bill insert should be used to solicit responses. Further notices and ballots should not be required for nonrespondents, who should be defaulted to their 1+ carrier, with no allocation. Customers should be allowed to change carrier choices after the initial balloting, consistent with current procedures for changing 1+ carrier selection.

The Primary Preferred Carrier (PPC) of each customer should be allowed to select the Alternate Preferred and International Preferred Carrier (APC and IPC). It may be possible to accommodate three to four APCs per line without significantly impacting current design and costs, allowing regional carriers to provide nationwide service through geographic business alliances.

D. The Costs and Benefits of 14-Digit Screening in LIDB.

SWBT continues to believe that 14-digit screening does not respond to consumer needs. Consumers have not expressed a desire for multiple cards from various card issuers, all bearing the same account number but with different PINs. To the contrary, SWBT's cardholders want to: 1) have one card that is usable for local, intraLATA and interLATA calling; 2) make calls on a "0+" basis; 3) use telephone line numbers as the card account; 4)

¹⁴ Id. at para. 65.

receive one bill; 5) choose the carrier to be paid for services, and 6) select their card's PIN.

Convenience is the common denominator, and convenience will not result from 14-digit screening. Instead, consumer confusion will increase, thus defeating the purpose of BPP.

Certain IXC's, not end user customers, want 14-digit screening in order to have market presence (i.e., name identity) on Telephone Line Number (TLN) cards. SWBT, as outlined below in Subsection E, proffers an alternative that better serves all stakeholders.

Other IXC's wish to incorporate their existing access code-based proprietary card products into a BPP environment and extend "0+" dialing capabilities to their cards by changing the technical basis on which routing decisions are currently made. Instead of IXC routing decisions being made on six-digit routing to the appropriate LIDB for identification of the "0+" carrier of the cardholder, these carriers would have IXC routing decisions made based on examination of the line record and card PIN (i.e., 14-digit screening). SWBT has not identified consumer demand for 14-digit screening. There is simply no consumer need, especially since 14-digit screening will increase BPP costs.

Cost increases would result from additional development, implementation and maintenance expense, and from increased fraud exposure. Fourteen-digit screening would add approximately \$8-16 million to SWBT's BPP implementation cost estimate, and a minimum \$1.5 million in additional annual recurring expenses, without consideration of the increased fraud expenses from 14-digit

screening. SWBT's primary cost components and estimates for 14-digit screening implementation are detailed on Attachment B.

Fraud would increase with implementation of 14-digit screening. Many customers want multiple PINs per card account for subaccount billing and geographic restriction billing needs. SWBT cards have the technical capability for 20 different PINs. Extending such capability to only 19 IXC's, out of the hundreds that provide service, would result in as many as 400 PINs being assigned per account.¹⁵ The potential for increased fraud is obvious and should not be welcomed by this Commission, particularly in light of the recent rulemaking on the issue of toll fraud.¹⁶

SWBT's administrative systems are not presently designed to handle the additional processing loads of 14-digit screening. Administering cards for multiple card issuers would, in all likelihood, disrupt other customer service programs. Should this occur, SWBT would need to implement stand-alone systems for 14-digit screening. Additional costs for implementing such systems are not included in the estimates provided on Attachment B.

E. A More Effective Alternative to 14-Digit Screening.

SWBT has developed an alternative to address the desires of IXC's for market presence on "0+" TLN cards in a BPP environment.

¹⁵ See fn. 23 for discussion of card-issuer and pin variables.

¹⁶ CC Docket No. 93-292.

SWBT's plan, which avoids the costs and other penalties of "14-digit screening,"¹⁷ would work as follows:

1. As already planned, SWBT would solicit its customers for their BPP IXC choice.

2. As determined in the solicitation process, SWBT's card customers would be sent replacement cards by SWBT also containing a hard imprint of the name and logo of the customer's preferred IXC.

3. SWBT would also communicate cardholder IXC choices to the involved IXCs. IXCs could also notify SWBT of customers to be sent a shared SWBT/IXC card.

4. The BPP carrier identification process would route "0+" interLATA calls using this type card to the IXC chosen by the cardholder.

This plan speaks to the desires of IXCs and consumers alike. For IXCs, SWBT's proposal allows market presence on 0+ TLN cards with full opportunity for IXCs to provide vertical card features from IXC data bases. Consumers would enjoy a single TLN card from their LEC and IXC of choice with a common PIN.

Unlike 14-digit screening and other shared card programs, SWBT's proposal would reduce the number of cards in circulation, thereby reducing the chances for fraud from hacked, lost or stolen cards.

The Commission should abandon 14-digit screening in favor of SWBT's proposal; otherwise, needless direct and indirect costs

¹⁷ See written ex parte communications of SWBT, Pacific Bell and GTE.

will result, customer needs will not be met and the benefits of BPP will be threatened.

F. Commercial and Foreign Credit Cards.

Cards issued by a company not providing interexchange service will require a database query to determine the preferred carrier. LEC card issuers, currently prohibited from providing interexchange service, will be expected to solicit their cardholders for carrier preference. The same expectation should also apply to commercial credit card (CCC) issuers.

Although LEC, IXC and CCC databases will have to comply with LIDB signaling standards and formats, many currently do not. CCC and some IXC databases, for example, are not presently SS7 capable, nor are they designed to store carrier choice decisions. IXC and CCC data bases should be required to meet all technical requirements for participation.

Calls billed to numbers outside the North American Numbering Plan (i.e., foreign numbers) should be routed to the PIC of the originating line. A "default" carrier will be required whenever it is not possible to determine the preferred carrier of the billed party. The default carrier should be based on either caller selection or transfer to the PIC of the originating line. Call circumstances should determine which method is used.

G. Restrictions on Dialing Around BPP.

If BPP is not ubiquitous, much consumer confusion will result. Aggregators therefore must be prohibited from programming

their phones to convert consumer 0+ calls to those that bypass the BPP system. Commission actions on this and other issues surrounding BPP dial around must encourage BPP participation by IXCs in order for consumer demand to materialize. If possible schemes, distortions, and other threats to BPP demand are not anticipated and precluded by Commission actions, the viability of BPP is strongly threatened.

H. Timing.

SWBT continues to believe that BPP will require 36 months to complete implementation--18 months for vendor development, six months for vendor testing and 12 months for LEC and IXC testing and implementation. SWBT cannot reduce the number of months required to begin and complete LEC and IXC BPP implementation. If fewer total months are required, the Commission should require shorter development and testing intervals from vendors.

I. Effect on Local Exchange Competition.

The FNPRM requests comment on the assertion by MFS that BPP will create a LEC bottleneck through which all 0+ interLATA calls would have to be routed.¹⁸ This allegation is groundless. Adoption of BPP will merely add another exchange access service obligation which must be supplied by all carriers in the local exchange market.

BPP, which the Commission has tentatively found to be in the public interest, will no more create a bottleneck than does the

¹⁸ FNPRM at para. 35.

nationwide 800 data base system previously found to be in the public interest and mandated by the Commission. As with 800 data base service, those wishing to enter the local service market can either self-provision or contract with another local service provider for BPP functionality.¹⁹

J. Necessity of OSS7 at Operator Service Switch Level.

The FNPRM tentatively concludes that Operator Service Systems used for BPP should be equipped with OSS7.²⁰ SWBT agrees. Equipping such switches with OSS7 will (1) allow the LEC to transmit the customer's number information (i.e., calling, called and billing numbers) to the appropriate IXC and keep call setup times down, and (2) avoid the necessity of two operators on the vast majority of calls.

K. Inmate Telephones.

Because BPP must be ubiquitous, inmate telephones should not be excluded from BPP. The current system of commission payments merely encourages higher charges to be paid by the relatives and friends of the calling inmates. Excluding inmate phones will raise the cost of BPP to everyone else.

¹⁹ Independent telephone companies must also be required to participate in BPP, much as they have been required to participate in 800 data base. BPP, if not ubiquitous, will generate consumer confusion. Moreover, independents, like other carriers, will be able to recover their BPP costs, which, in many cases, will be lower than those for LECs. Those independents with non-equal access end offices will have no requirement for OSS7, because there will be no split routing need at such offices.

²⁰ FNPRM at para. 50.

Inmate phones should not be excluded from BPP even if a penal institution subscribes to an OSP charging rates below that of the carrier for inter- and intraLATA calls.²¹ If such exclusion were allowed, the billed party would have no choice of IXC, even though the billed party would pay the toll charge. Also, the billed party would not be able to take advantage of optional calling plans and thus would not receive the full savings to which the billed party had subscribed.

Those arguing in favor of exclusion of inmate phones advance two arguments: (1) Application of BPP to inmate phones will lessen the control which the authorities may exert over inmate calling. This is a red herring. The only control lost will be the power to choose the IXC, which should rightly be in the hands of the party paying for the call. (2) Application of BPP will reduce commissions payments. This is the true reason for the opposition to inclusion of inmate phones. As pointed out elsewhere in these comments, however, the current system of commission payments tends to raise the charges paid by the billed party. The current system thus discriminates against consumers and should be completely scrapped.²²

²¹ Id. at para. 51.

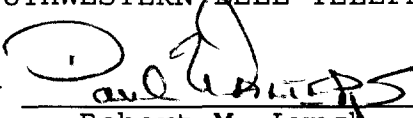
²² Hotels and colleges also oppose application of BPP to their phones. Again, loss of commission payments is the only real issue. These parties assert such loss might force them to raise their rates, although receipt of commissions has never caused them to lower their rates. In all likelihood, competitive pressures will keep rates in line. And, in any event, should consumers paying toll rates be forced to subsidize commission payments to hotels and colleges?

IV. CONCLUSION.

SWBT agrees with the Commission that the significant and far-reaching benefits of BPP outweigh its costs. These benefits will be realized, however, only if the Commission encourages BPP participation and does not allow special interests to undermine the service. The Commission should mandate within the framework advanced by SWBT and within the next nine months the implementation of BPP.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

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August 1, 1994

BILLED PARTY PREFERENCE (BPP)
ESTIMATED SWBT IMPLEMENTATION COSTS
WITHOUT 14-DIGIT SCREENING
(\$000)

<u>EXPENSE/YEAR</u> <u>COST COMPONENT</u>	<u>NON-RECURRING</u>		<u>RECURRING</u>
	<u>CAPITAL</u>	<u>EXPENSE</u>	
1. SCP/LIDB development and hardware expansion costs to support BPP storage and query requirements	2,600	1,997	166.5
2. System changes to support loading and maintenance of preferred IXCs in LIDB	85	1,000	3.6
3. Customer solicitation/bill insert for 0+ PIC		6,000	
4. LIDB administrative system BPP audit requirements			23.0
5. End office signaling upgrades	20,000	51,097	2,000.0
6. OSS signaling upgrades		5,492	
7. OSS BPP feature functionality		12,681	
8. AABS system changes	1,200	580	120.0
9. Trunk terminations/rearrangements	11,200	800	
10. Business office costs to respond to customer inquiries on BPP and IXC choice options		4,200	
11. Operator wages to support projected BPP call volumes			12,986.0 (avg. year over 10 year period)
PROJECTED TOTAL	35,085	83,847	15,299.1 (avg/yr)
TOTAL ONE-TIME COSTS: \$118,932			

**BILLED PARTY PREFERENCE (BPP)
ESTIMATED SWBT IMPLEMENTATION COSTS
WITH 14-DIGIT SCREENING (\$000)**

Attachment B

<u>COST COMPONENT</u>	<u>NON-RECURRING CAPITAL</u>	<u>EXPENSE</u>	<u>RECURRING EXPENSE/YEAR</u>
1. SCP/LIDB development and hardware costs	13,200	3,140	636.5
2. System changes to support loading and maintenance of preferred IXCs in LIDB	649	2,226	3.6
3. Customer solicitation/bill insert for 0+ PIC		6,000	
4. LIDB administrative system BPP audit requirements			23.0
5. End office signaling upgrades	20,000	51,097	2,000.0
6. OSS signaling upgrades		5,492	
7. OSS BPP feature functionality		13,058	
8. AABS system changes	1,200	580	120.0
9. Trunk terminations/rearrangements	11,200	800	
10. Business office costs to respond to customer inquiries on BPP and IXC choice options		6,300	
11. Customer service and administrative center costs			750.0
12. Operator wages to support projected BPP call volumes			12,986.0 (avg. year over 10 year period)
PROJECTED TOTAL	46,249	88,693	16,519.1 (avg/yr)
TOTAL ONE-TIME COSTS: \$134,942²³			

²³ SWBT's cost estimates include the following assumptions:
(1) existing and planned SWBT card features would be extended to 19 IXCs; (2) all cards (LEC and IXC PINs) would function on an access
(continued...)

²³(...continued)

code basis, regardless if preferred carrier for the line record matches the IXC which issued the PIN being used (i.e., IXC PINs would not be proprietary); (3) SWBT would be responsible for card administration, including PIN assignment conflict resolution; and (4) card honoring agreements would be required to LEC processing of local and intraLATA calls billed to IXC PINs.

SWBT realizes that planning for 400 PINs from 20 card issuers may not be a realistic consumer application, so SWBT has also examined the possibility of only including 60 PINs from three card issuers. Planning for 20 PINs from each of three card issuers yields total one time costs of \$126.8 million. Thus, 14-digit screening adds \$8 - \$16 million to the costs of BPP, without meeting consumer needs.

The range of costs for 14-digit screening, dependent on the number of card issuers and PINs assumed, shows that incremental costs are not linear for each additional card issuer assumed. Thus, the Commission must answer two key questions before requiring implementation of 14-digit screening. (1) How many card issuers per line account should LIDB be developed to accommodate? If the number is too small, customers will be forced to disconnect one issuer's card for another. This presents barriers to market entry. If the number is too large, on the other hand, fraud will soar and capacity will be wasted. (2) How many PINs per card issuer should LIDB be developed to accommodate? SWBT has assumed that it would be required to extend to each card issuer the same set of technical capabilities and vertical features that it implements for itself. In other words, if SWBT cards can have 20 PINs per account, then all card issuers would have 20 PINs. If SWBT can provide for itself a different set of capabilities than other card issuers, the Commission should so state.

The Commission has not provided sufficient definitions of 14-digit screening to permit development of reasonable direct and indirect costs. Regardless, the Commission should reject 14-digit screening in favor of SWBT's alternative.

CERTIFICATE OF SERVICE

I, Liz Jensen, hereby certify that the foregoing
Comments of Southwestern Bell Telephone Company in Docket
92-77, have been served this 1st day of August, 1994 to the
Parties of Record.

Liz Jensen
Liz Jensen

August 1, 1994